



Committed to the future of rural communities.

# WASHINGTON STATE



*Fiscal Year 2003 Annual Report*

## Secretary of Agriculture

*Ann M. Veneman*

The Bush Administration has made great strides to support investments in America's rural communities. From the successful implementation of the 2002 Farm Bill to passage of the Healthy Forest Restoration Act, President Bush's policies are helping strengthen the economic health of rural America.

In 2003, we saw record net cash farm income, which is expected to total \$65 million, up 33 percent over 2002, and strong exports, which are expected to reach \$56.2 billion for 2003. The demand for farm products is being spurred by the President's tax cuts, low interest rates and inflation and decline in the value of the dollar. Expanding payrolls and declining unemployment in the coming year are expected to further accelerate food demand.

Also fueling this growth are the programs being implemented by USDA's Rural Development. Through USDA's Rural Development programs, it is estimated that over 510,000 jobs have been created or saved since the beginning of the Bush Administration. USDA has invested nearly \$2.5 billion for rural business development in the form of loans, grants and technical assistance.

We are also working with local communities to build and strengthen economic development partnerships with state and local governments. Some \$183 million has been invested in Empowerment Zones and Enterprise Communities (EZ/ECs). This investment is complemented by the leveraging of USDA funds to help attract \$422 million in other federal investments and \$739 million in non-federal investments to EZ/ECs and other supported communities.

To improve economic and community development opportunities in underserved rural areas, the Administration has entered into agreements with 20 National Centers of Excellence and Historically Black Colleges and Universities to advance business development through improved information technologies and entrepreneurial skills training.

Major investments have been made in developing value-added industries, with a focus on promoting renewable energy. Over \$35 million has been provided to support the development and marketing of renewable energy and the creation of energy efficient systems in rural areas.

Rural infrastructure, such as education, healthcare, telecommunications, water treatment and community facilities, has been supported by more than \$13 billion in grants and loans. More than \$10.2 billion has been invested in rural housing, much of which supports the President's ambitious goal to increase minority homeownership by 5.5 million by 2010.

As we look to the future, we remain dedicated to ensuring that investments in rural Washington continue to bring new economic opportunities and an improved quality of life to rural families and communities.



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## Acting Under Secretary for Rural Development

*Gilbert Gonzalez*



Citizens and community leaders throughout rural America share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness amongst rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their community.

As rural America's venture capital bank, USDA Rural Development seeks to support local efforts by providing financing to create housing, business development, technology and community infrastructure and essential community facilities. Over the last year, the Bush Administration through USDA Rural Development has provided over \$13 billion in capital financing to assist rural citizens and communities invest in their future.

USDA Rural Development capital investments in FY 2003 include; assisting over 43,000 families realize their dream of homeownership; assisting over 100 rural agri-businesses with financing of energy efficiency and renewable energy systems that support energy independence for America and that supports President Bush's national energy plan; assisting with the financing of over 12,000 business ventures to create or save nearly 90,000 jobs; and assisting with the financing of community infrastructure and facilities that will benefit an estimated 7 million rural citizens. In total, over 350,000 jobs are expected to be created or saved as a result of the financing provided by USDA Rural Development.

USDA Rural Development has a dedicated team of professionals with over 40 financial and technical assistance programs available to assist rural communities improve their economic opportunities and an improved quality of life. I encourage you to contact our staff in Washington to learn more about ways that USDA Rural Development can be of assistance to you and your community.



# Washington State Director

## *Jackie J. Gleason*



Dear Fellow Washingtonians,

**R**ural Development is committed to the future of rural communities. We do this through programs that are dedicated to improving the quality of life while

developing sustainable economies throughout rural America. Through our many housing, community, and business programs, we help families, communities, and businesses across the state successfully take a step up on the economic ladder, fostering a positive belief in the potential of increased opportunity and prosperity in the future.

Fiscal Year 2003 was no exception in the windfall of productivity we have achieved in our area of responsibility. For example, our team increased Native American tribal activity in Water and Waste and Community Facilities, both in loan activity and partner activity. We increased diversity of funding in the Community Facilities Program, including the construction of adult day care, assisted living facilities, health care facilities, and public recreation facilities. Rural communities' abilities to respond to emergencies were improved by providing crucial infrastructure through the purchase of ambulance and police vehicles. Businesses were made more viable through industrial park improvements.

Last fiscal year, we provided millions of dollars to families throughout rural Washington State, including direct financing to low and very low income households, most of whom were buying their very first home. Additionally, we were instrumental in granting funds to various organizations who provide technical assistance for families to build their own homes, making homeownership a reality for families who could not afford a home of their own in any other way.

Our state is a leader in Civil Rights initiatives, taking a proactive stance in providing civil rights training leading to a major and significant reduction in complaints. We have also established productive and effective working relationships with civil rights staff at Housing and Urban Development, Health and Human Services, the U.S. Forest Service, and Food and Nutrition Services to coordinate compliance efforts regarding common recipients.

What is the secret of our success? Truthfully, no success highlighted in our 2003 Annual Report would have been possible without the absolute dedication of each individual who make up USDA Rural Development team within our state. I am so proud of their accomplishments, for their personal sense of ownership and the dedication they contribute to our mission each and every day. There is a shared sense of pride, knowing, what we do is truly making a difference.

Read this year's report and you will see how USDA Rural Development, under the capable leadership of President George W. Bush and Secretary of Agriculture, Ann Veneman, continues to fulfill its mission of helping rural communities in Washington create new economic opportunities.

A handwritten signature in black ink that reads "Jackie J. Gleason". The signature is fluid and cursive, with a large, sweeping "J" and "G".

# Single Family Housing

## *Hispanic Family Attains Dream of Homeownership*

**L**eonardo and Tricia Blanco-Martinez had a dream, like many other Americans - to own their own home. Although Leonard and Tricia both work steadily for local area employers, they discovered what is often true for many low and middle income rural families is that it is difficult to find an affordable home at reasonable mortgage rates and terms in their income bracket in the Pacific Northwest.

"I didn't want my money to go to waste," said Tricia. "If I have to pay this much in rent, I thought maybe we could buy something."

After looking at many houses, a sense of futility began to creep in on the young couple. The homes in their price range were just too run-down to take a chance. "We were beginning to think it wasn't going to happen," said Tricia. "There was just no way we could afford much more (in a mortgage) than what we were already paying in rent."

But with persistent house hunting of their Realtor, Helen Everitt of Remax, a three bedroom home

in very good condition was located in the small community of Birch Bay, just right for the family, including a big yard for their five-year-old daughter to play in safety. There is even plenty of room for the new baby they are expected in spring 2004. The realtor, Helen Everitt, said she searched hard to find a home within their price range, saying she is almost as happy as the family. "My hand is on my heart when the buyer gets the keys to their new home," she said.

"This was a challenging deal to make work" says, Charlotte

Eastman-Pros, lender at Wells Fargo Home Mortgage. She describes herself as having a "true heart for first-time homebuyers."

Charlotte worked to qualify the family with an affordable loan by using two housing purchase programs. The Washington State Housing Finance Commission (WSHFC) House Key program offered a 30 year fixed loan with a below market interest rate of 5.25 percent. To make the loan even more affordable, it was paired with the Section 502 Guaranteed Rural Housing program.

The loan guarantee by USDA Rural Development made it possible to eliminate down payment and mortgage insurance requirements and permitted closing costs to be included in the loan.

"I know how happy the Blanco-Martinez family is to have their own place," said Carlotta Donisi, Guaranteed Rural Housing Specialist with Rural Development. "It is important for them to no longer have to spend their hard-earned income on rent."

"Leonardo and Tricia Martinez are homeowners now and that's what makes me proud of the part I play in helping people become homeowners," she added.

Rural Development continues working to meet President Bush's goal of increasing the number of minority households like the Blanco-Martinez family attain homeownership by 2010.

The Section 502 Guaranteed Rural Housing program is available in non-metro areas, providing loan guarantees to lenders and eliminating down payment and monthly mortgage insurance for



USDA Rural Development Photo by Sue Davenport

*Leonardo and Tricia Bianco-Martinez (top) with five-year-old daughter, Darcia, display their modest 3-bedroom, two-bath home in Ferndale, Wash (above). Their loan through Wells Fargo Bank was guaranteed by Rural Development.*



# Multi Family Housing

Through an innovative property sale that was completed in September 2003, 507 units of affordable housing were preserved for low income residents. Mercy Housing, Inc. (MHI) of Denver, Colorado purchased a portfolio of 17 properties in northwest Washington.

MHI develops affordable housing for families, seniors, formerly homeless populations, people with HIV/AIDS and individuals with chronic mental illnesses and physical impairments.

Founded in 1982 as a nonprofit, public benefit corporation in Nebraska with an initial investment of \$500,000, Mercy Housing Inc. took on its first housing properties in Idaho that same year.

In nearly 20 years of operation, MHI has established six regional development corporations that today provide housing for more than 40,000 residents in over 14,600 units in 20 states and controls \$1 billion in assets.

Today, and with the help of public and private funding, MHI builds or rehabilitates housing according to community needs.

The types of housing include multi-unit rental apartments and single family homes, single room occupancy apartments for formerly homeless adults, handicap-accessible units for individuals with physical impairments and self-help



*The Olympic Apartments, located in Mount Vernon, is one of the 17 properties in northwest Washington purchased by Denver-based Mercy Housing Inc.*

housing programs for families ready for homeownership.

The funding was provided by new loans from Rural Development, tax exempt bond financing provided by the Washington State Housing Finance Commission, and Washington State Department of Community, Trade and Economic Development.

New Rental Assistance was provided by Rural Development for 29 units to help residents pay no more than 30 percent of their income for rent.

This was the first time in Washington State that bond financing was leveraged with Rural Development loans.

The bond financing provided

funding in the amount of \$6,445,000. Rural Development provided new loans in the amount of \$3,230,000.

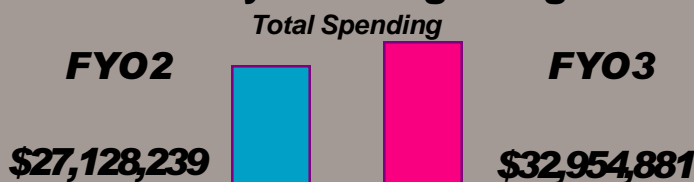
The third funding partner provided a loan of \$25,000. This also allowed the properties to be exempt from property taxes. This helps keep the property affordable for low income residents for many years into the future.

As part of the purchase and funding, Mercy Housing, Inc. will repair and improve each of the properties.

These repairs and improvements totaling about \$1,683,000 will eliminate health and safety hazards, improve accessibility, replace building components such as roofs, and upgrade units. The renovations will take about nine months. When completed, these repairs will assure the residents have safe and decent housing.

Mercy Housing is a faith-based, nonprofit organization with a mission to create and strengthen healthy communities through the provision of quality, affordable, and service enriched housing for indi-

## Multi Family Housing Programs



# Rural Utility Programs

**M**any communities around the state benefited from Rural Development loans and grants.

Ferry County's City of Republic in Eastern Washington was awarded loan and grant funds totaling \$730,000 for improvements to their storm water system.

The city (population 2,000) had been informed that the State's Department of Transportation had scheduled resurfacing to State Route 20, which runs through downtown Republic.

In order to avoid tearing up the newly re-surfaced downtown stretch of highway, the City Council worked vigorously the previous two years to pursue the necessary funding so the water system improvements could be completed first.

Washington agreed to hold off on their resurfacing project to allow the community the time to acquire the necessary funding to make the improvements.

The water system funding had already been secured with Rural Development funding representing the final piece of the puzzle that would allow the entire project to be completed in one construction season.

Rural Development awarded a \$6,524,300 loan to complete an upgrade to the Stevens Pass Sewer District's wastewater treatment facility.

The current facility configuration was not providing adequate effluent treatment prior to discharge to Mason Creek.

The improvements needed to be completed by late November/early

December. Funding from Rural Development made this possible.

The City of Harrington received a \$626,800 low-interest loan and \$1,702,200 grant commitment from Rural Development in order to finance improvements to its wastewater system.

The project will develop a treatment process that utilizes constructed "leaky" wetlands for disposing of wastewater, and will end any further discharges to nearby Coal Creak.

In Kitsap County, Rural Development set aside a \$65,000 grant and a \$35,000 loan to Clayton Place Water Association for the decommissioning of an artesian well that was violating the codes and standards for well construction and maintenance.

In fact, ground waste was seeping

beneath the pump house's concrete slab at the rate of approximately 25 gallons per-minute. The well needed to be corrected immediately in order to prevent further water loss.

Another highlight for the state this year was the announcement of two Native American projects in Washington who were awarded Broadband Technology grants.

Communities selected do not have access to broadband connectivity for essential services.

A grant for \$735,250 was awarded to Hood Canal Telephone Company, Inc. in order to provide a Hybrid Fiber Coax network to the Squaxin Island Tribe giving residents access to broadband, cable television and telephone services.

A grant for \$498,503 was awarded to the Port Gamble

## Distance Learning/ Telemedicine Grants

In January 2003, USDA expanded efforts to bring farmers, rural residents and businesses greater access to improved telecommunication technology through financing of more than \$1.4 billion in loan and loan guarantees to rural telecommunications providers nationwide.

Washington State education and healthcare facilities were awarded \$1,164,847 in distance learning and telemedicine grants in Fiscal Year 2003 through the program. Winners in the state included Big Bend Community College, which received a distance learning grant for \$500,000 and



Wellpinit School District (above photo), which received a distance learning grant for \$250,000. Additionally, Community Choice Healthcare Network received a telemedicine grant award for \$414,847.

# Community Facilities

The Methow Valley Home Health Agency (Aero Methow Rescue Service) in Twisp, Wash. received a \$295,000 low interest loan and a \$65,000 grant commitment to finance the expansion of its facility. The expansion will allow Aero Methow to improve the efficiency of their operations, thereby improving the emergency response services that are so vital for the area's rural residents.

The expansion includes construction of a new building that will include three-ambulance parking bays, ambulance maintenance area, training room, emergency personnel sleeping quarters, chemical decontamination area and shower, and medical supply storage.

In Westport, Wash., Rural Development provided a \$5,200 grant to purchase 18 new pagers and charging equipment for the city's fire department in order to improve response time for fire, medical, and rescue in the community.

The City of Colton was another community with substandard emergency response equipment and needed a replacement for its old fire engine.

The city received approval for \$75,500 in loan and grant funding from Rural Development to help finance a used 1987 Fire Engine to replace their 1967 model engine that did not meet current safety standards.

The new truck, which can transport five fire personnel safely, will allow the fire fighting fleet to help the community retain its fire rating while reducing response time

to emergencies.

Grandview, Wash. had been working with substandard emergency response vehicles and was facing a reduction in the fire insurance rating. The town had not been able to buy new equipment for the Grandview Volunteer Fire Department since 1995.

Rural Development approved a \$100,000 grant for funding that was set aside for USDA Enterprise Zones / Enterprise Communities around the nation. The city leveraged the funds with \$370,000 of emergency funds to help finance the replacement of two fire engines. The improvement to the fire fighting fleet helped the community retain its fire rating.

The City of Chewelah purchased two new police vehicles and a new ambulance through combined grants and loans of \$96,000. The town had been hard hit by the recent closure of Northwest Alloys, an Alcoa plant, that employed over 300 people. The closure had wide-reaching impacts on the local economy and overall tax base for the community. The funding provided new emergency response vehicles for the safety of residents without the tax bill to go along with it.

In Burlington, Wash., Skagit Adult Day Care (*above photo*) conducted a capital campaign to generate funds to purchase a facility they had been leasing. The money raised was leveraged with funding from Rural Development to assure a permanent home, resulting in the



only services of its kind in the Skagit County area.

The campaign fund drive raised over \$55,600 from local donations and foundations toward the purchase of the facility. Rural Development approved a Community Facilities Loan of \$215,500 to complete the financing for the purchase.

The facility provides surety to the organization that it will continue to provide this important service for the communities of Burlington, Sedro Woolley, Mount Vernon, Anacortes, La Conner, and the surrounding area for the foreseeable future.

In Mattawa, Rural Development's Community Facilities Program provided a \$966,000 low-interest loan commitment to finance the expansion of the Grant County Public Hospital District No.5's Mattawa Community Medical Clinic. The proposed project is the construction of a 5,100 square foot building on a vacant parcel adjacent to the existing medical



# Rural Business/Cooperative Programs

**F**ive Renewable Energy projects were selected for funding in Washington State in Fiscal Year 2003, with a total investment of \$883,000. Agricultural producers and rural small businesses were the intended recipients.

The Renewable Energy Systems and Energy Efficiency Improvements Program were authorized by the 2002 Farm Bill. The purpose of the program is to provide funds for the purchase of renewable energy systems and make energy improvements for agricultural producers and rural small businesses.

Renewable energy means energy derived from wind, solar, bio-mass, or geothermal sources or hydrogen derived from bio-mass or water using wind, solar, or geothermal energy sources.

Martin Fleming received a grant for \$11,700 to install a 20 kWh wind turbine. The Fleming site is located at 2,100 feet in a narrow glacial carved lake valley that funnels down lake prevailing winds directly at the wind turbine site. The energy created from the wind turbine will be supplied directly to the grid for use by any and all customers of the Chelan County Public Utility District.

The initial system costs are estimated to be recovered in three and a half years and is expected to generate profits for the rural small business over the 30 year service life of the turbine.

The Holmquist family has been farming in Whatcom County for four generations. Gerald Holmquist's grandfather first developed the farm where he and his sons and families currently raise 800

acres of DuChilly and Barcelona hazelnuts.

Holmquist's project will take waste that presently composts to methane and convert it to thermal

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***Five renewable energy projects were selected in the state of Washington for a total investment of \$883,000.***

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energy displacing imported fossil fuel that adds greenhouse gas to the environment.

The propane heater they are currently using will be replaced with a biomass burner. All of the energy used in the hazelnut drying process will come from the biomass converter. It is estimated that the investment will pay for itself in less than five years.

Last Mile Electric Cooperative was granted \$77,449 to install nine wind turbines in Washington, Montana, and Nevada and will provide the energy produced for sale to the purchasing utility companies. Wind power reduces reliance on hydro-power and is a win-win solution to energy production and conservation.

The Quil Ceda Power Corporation is a small business enterprise of the Tulalip Indian Tribes. The Tulalip Tribe is a Federally Recognized Indian Tribe established by the Point Elliot Treaty of 1855.

The grant will be used for the planning, design permitting and construction of a regional scale

Anaerobic Digester in Monroe County.

The Tulalip Tribes and Snohomish County agricultural producers are working together to face common challenges, such as declining salmon runs and reduction in the profitability in agricultural production.

In April 2003, the Tulalip Tribes, Northwest Chinook recovery, Lower Skykomish River Habitat Conservation Group, and the Washington State Dairy Federation entered into a historic cooperative agreement. This resulted in the Snohomish Basin BioGas Partnership, which was created to protect water quality, restore salmon habitat, and support agriculture in Snohomish County.

The dairy producers have concluded that manure management is the "long pole in the tent" and that limitations on waste disposal have limited the ability to increase herd size and placed them in a competitive disadvantage.

The anaerobic digester is to utilize raw manure from up to 4000 dairy cows in the immediate vicinity. The project is expected to produce one megawatt of electrical power for sale to the public Utility District of Snohomish County.

The \$499,379 grant is part of the \$5 million project intended to reduce energy costs and consumption and help meet the Nation's crucial energy needs. The project will also support the development of small and emerging private business enterprises in rural areas.

Finally, the Vander Haak Dairy will construct and install an anaerobic digester to generate renewable energy.



# Cooperative Development

## Northwest Cooperative Development Center Awarded

**Grants**  
Rural Development awarded the Northwest Cooperative Development Center (NCDC) a Rural Cooperative Development grant in FY 2000, 2001 and 2003 for a combined total of \$690,000. Below lists outstanding grants and sub-recipient projects:

**Mi Casita, Mattawa** - Cooperatively owned small food service business required assistance with management and operations.

**Las Coronas, Mattawa** - Provided business and marketing training

**Cooperative Preschools, Statewide** - Provided Board of Director Training for new board members understand roles and responsibilities. Most of the 450 cooperative preschools are made up of minority membership.

**Prosser Farmers Markets, Prosser** - Established farmers market, formed cooperative, and completed feasibility study for developing a kitchen incubator to help small producers develop and market products from local farms - largely Hispanic.

**Green Bank Farm Alliance, Whidbey Island** - Assistance provided surveying area farmers about forming a marketing cooperative.

**Straw Marketing Cooperative, Statewide** - Washington State University and Washington State Council of Farmer Cooperatives co-funded/completed feasibility report on potential for a straw marketing cooperative for energy production.

**Last Mile Electric Cooperative,**

**Olympia** - Planned for developing electric cooperative made up mostly of electric utility cooperatives to facilitate development of renewable (wind) energy resources.

**Apple Growers Cooperative, Yakima** - Hispanic apple growers desired a better marketing opportunity for their fruit.

**Mariposa Images, Mattawa** - Business training and management assistance for Hispanic women wishing to supplement their income through crafts. Group is the cooperative to be formed from two previous projects - "Mi Casita" and "Los Coronas".

**Last Mile Electric Cooperative, Olympia** - Facilitated the development of multiple wind energy resources. Sites being developed for wind energy production. Marketing cooperative to be established to assist members with marketing "green tags" and other energy products.

**Wind Mapping, Olympia** - Facilitated compilation of data available to document wind resources throughout the West. Information available in publications and on the World Wide Web.

**Next Generation Energy Cooperative, Whatcom County** - Solar energy project that absorbed the Whatcom 1000 Solar Rooftop project and acts as a clearinghouse for energy related projects and facilitates

financing residential solar energy projects for low income homeowners.

**Ferry County Food Co-op, Republic** - Funding provided to conduct a membership drive and assessment and to offer community education forums about cooperatives and the products they offer.

**North Country People's Cooperative, Colville** - Funding provided to evaluate operations while providing management assistance. The cooperative ceased operation after determining it could not maintain a competitive edge in the marketplace nor upgrade its facilities.

**Island Grown Farmers Cooperative, Lopez Island** - Assisted with management training and business planning. Cooperative operates (with other producers) a small meat market.

**Southwest Washington Local Link Cooperative, Winlock** - A local grower proposed a Community Supported Agriculture Project and attempted to develop a business plan for its operation. Insufficient focus was achieved and the project was closed.

*NCDCenter was also awarded a Rural Cooperative Development Grant in FY 2003 for projects to be administered in 2004. The following projects are supported:*

**Methow Forest Owners Cooperative, Okanogan County** - Landowners who wish to establish a forest management cooperative.

**The Community Store, Clatsop County Oregon and Pacific County** - Restructure an existing small business into a cooperative business structure, recapitalize and expand operations and membership.

**Mountain Community Cooperative, Eatonville** - Establish a natural foods cooperative, farmers market and book exchange.

**Washington Credit Union**

**Project", Statewide** - Establish a "First Accounts" Program for residents who are unbanked or underserved. This is a Hispanic population targeted activity to provide community credit union outreach and financial education classes throughout the state.

**Big Island Hydroelectric Co-op, Island of Hawaii** - Develop hydro-electric power in Hawaii and supply water to arid areas of Hawaii and evaluate the potential of other renewable energy resources.

**Last Mile Electric Cooperative, Olympia** - Conduct feasibility

study for dairy waste to energy.

**Alaska Regional Utility Cooperative, Alaska YK Delta** - Provide cooperative education to rural Alaska residents and assist to bring water/sewer services to isolated villages.

**Pacific Northwest Small Forest Landowners Workshops, Pacific Northwest** - Public interest workshops to educate and promote small scale sustainable forestry activities.

## Cooperative Development Technical Assistance (CFDA 10.350)

The Technical Assistance Program is under the Catalog of Federal Domestic Assistance and is not funded through the annual appropriations process of Congress but relies on the expertise of specific employees whose principal function it is to provide "technical assistance".

The following three "multi-year" projects were proposed and Technical Assistance Agreements established in FY03:

### Klickitat Valley Grain Growers Cooperative, Goldendale -

Business represents 175 farmer members in a county with an unemployment rate of nearly twice the state rate. Business employs six full time employees and has a total revenue in excess of \$1 million. Provide director training, financial analysis, management analysis, assist with a member stock sale, and assist with recapitalizing the cooperative and restructuring the debt while expanding operations and creating two jobs.

### Palouse Grain Growers Cooperative, Palouse -

Company has a small pearling facility which has a substantial amount of additional capacity. The agreement calls for bringing a team of professionals to the business to develop a feasibility study and business plan for expanding the markets and production.

### Tieton Apple Growers Steering Committee, Tieton -

Three apple growers want to form a cooperative to expand current markets for apples they produce. Cooperative Development Specialist will assist with business planning and possible funding opportunities through RBEG (planning) and/or Business and Industry Program for capitalization.

# RURAL DEVELOPMENT - *COMMITTED TO*

**U**SDA Rural Development is committed to the future of rural communities. Through leverage and partnerships, our various loan and grants programs help people and organization make a difference in our state in housing, community facilities, utilities, technology, and economic development.

Rural Develoment and Chelan County Wenatchee Housing Authority (*right*) co-hosted a bus tour highlighting programs administered and projects fiananced which address affordable housing in the county. (*Below*), the City of Newport received a \$37,000 Community Facilities grant which provided the small town with two new police cars, emergency equipment they desperately needed. The grant was from a funding source allocated for USDA's Enterprise Zones and Communities, and Newport is part of the Five-Star Enterprise Community in northeast Washington.



*The Skohomish Indian Tribe gets a new school bus for their Head Start Program through a Rural Development Communitie Facilities grant.*





# THE FUTURE OF RURAL COMMUNITIES



*Self-Help Owner/Builder participants (left) work together to build their dream homes. Shayna Dickey (below) goes on the record with Talk 1400 AM during Homeowner's Month*



*(Above) - Rural Utilities Administrator Hilda Legg and Rural Development State Director Jackie J. Gleason present Hood Canal Communications with a \$750,000 grant to be used to bring broadband technology to the Squaxin Island Indian Reservation.*



*(left) - Board Members of the Ravensdale, Washington based Foothills Water Association used \$750,000 in Rural Development grants and loans to bring their problem water system up to standards with the Safe Drinking Water Act.*



# ***The Newport Model***

## ***- Building Communities In***

**N**estled along the banks of the Pend Oreille River and the Washington-Idaho border is the small rural community of Newport - a quaint little town of nearly 2,000 people, with roots founded in the timber and mining industries.

Today the community has a more diversified economy, not only out of necessity, but also to provide the quality of life and conveniences that people have come to expect in this day and age.

USDA Rural Development (and its' predecessor agencies) has had a long relationship with Newport. Residents themselves probably do not realize the impacts our programs have had on their lives.

Basic infrastructure is necessary to support a community. Rural Development has provided loan and grant assistance to Newport for wastewater treatment plant facility improvements through the Water and Waste Program. Most recently, a combination of loan and grant funding was awarded for improvements to the old existing wastewater system, originally financed by USDA. The combination of long-term loan rates and grant funds helps to maintain costs at a reasonable rate for users.

The construction of a sludge de-watering facility and headworks improvements allows acceptance of septic tank sludge into the system so that it may be treated and disposed of in an environmentally safe manner, meeting all Federal and State regulatory requirements. These improvements not only allow Newport to meet current

demand, but also allow for future growth.

Another crucial component for a sustainable community is affordable housing.

When Norm LaVigne was looking for housing for his aging mother-in-law back in the early 70s, he recognized the need for safe affordable rental housing.

He formed a partnership with George Sullivan for the development and management of multi-family housing and they obtained financing from USDA to build the first subsidized elderly housing complex in the community - Pend Oreille West. Over time they built additional housing complexes in Newport (and eventually a

total of 21 in eastern Washington and northern Idaho). The projects were financed with a combination of resources; Rural Development's 515 Rural Rental Housing Program, HUD Section 8 funding, and tax credits.

Sullivan's son, Mike, performed maintenance work for his father while working as a teacher and coach. Mike's wife, Lisa, helped out by occasionally washing windows. Eventually the couple assumed ownership of the housing complexes and manage them as Pine River Management Company.

Today they have several complexes in Newport, including Riverbend, a 24-unit family project. Recently, Rural Development provided a rehabilitation loan to assist in meeting 504 accessibility requirements and making other improvements to the units at the complex.

"The town has done a lot to change its image and attract people to the area," the Sullivan's said, adding that their projects



***Continued on Page 14***



# ***Rural Washington***



***Story and Photos by Tuana Jones***



# Building Rural Communities

## *Continued from Page 12*

not only provided affordable housing options, but also contributes to the tax base of the city.

Single family homeownership is a major part of the American dream. Rural Development offers direct and guaranteed loans for the acquisition of modest housing. Direct loans are subsidized based upon the household income to provide affordable mortgage payments.

Richard and Edie McGee purchased property in the Newport area and an older mobile home in 1992 with their dream of building a new home in the future. Two years later Richard was injured, resulting in a major reduction in income. The couple was living with their three small children in a substandard two-bedroom mobile home.

Originally, they applied at USDA Rural Development for a 504 Housing Repair loan to make repairs to their home; however, due to the home's poor condition, the family didn't qualify for that program. Still, Rural Development was able to help. The family applied for a Direct 502 Single Family Housing loan, which the McGees used to buy and install a new manufactured home on their property.

Community facilities are essential to provide services and meet the needs of residents. Rural Development provides financing for a wide range of essential public use facilities and equipment, including health care facilities, libraries, day care centers and fire and rescue equipment (two new police cars were funded for Newport last year).

Newport Center became the educational hub for the entire county when a permanent facility was constructed in 1999 to provide college curriculum, continuing education courses and GED classes. Through a high level of community commitment, the citizens were able to raise more than \$190,000 in private donations for the venture.

A grant was secured from the U.S. Forest Service for \$250,000, and remaining project costs were financed for the Community Colleges of Spo-

kane Foundation through a Direct Community Facility loan from Rural Development for \$775,000, which was secured by the Community Colleges of Spokane Foundation. The end result was the construction of a 9,900 square foot facility on a site adjacent to the Newport School District.

The new center consists of eight classrooms, two computer labs, a reference library, student center, and business and faculty offices. The curriculum is administered through on-site classes, interactive video distance learning, telecourse tapes, and on-line courses. A T-1 line and fiber optics supplies the necessary bandwidth for the distance learning components.

The Center has a successful General Education and Development (GED) program as well as an Adult Basic Education program, assisting students 16 to 80 obtain GED and high school diplomas. In fact, 21 diplomas were awarded to students in 2002, while 23 more students graduated with diplomas in 2003.

Promoting a dynamic business environment in rural America is the goal of Rural Development's Business Programs, working in partnership with the private sector and community-based organizations to

provide financial assistance and business planning.

The financial resources provided are often leveraged with those of other public and private credit source lenders to meet business and credit needs in rural communities to create or preserve quality jobs and/or promote a clean rural environment.

A local example of leveraging resources to assist a small and emerging business is that of Platinum Plus Jewelry. The business started in 1991 on a small scale



***Rural Development has provided loan and grant assistance to Newport for wastewater treatment plant facility (above) improvements through the Water and Waste Program. Newport Center (top) became the educational hub for the entire county when a permanent facility was constructed in 1999.***



# Newport, Washington

in the garage of Mark Meier. Tri-County Economic Development District (EDD), through a revolving loan fund capitalized by USDA Rural Development, provided financing to Meier in 1995 to open the only full-service jewelry store in Newport.

In small rural communities it is hard to access capital, but it is needed to recruit and retain businesses. Modest loans through a community loan fund can assist to leverage the needed capital.

Tragically Mr. Meier died in an auto accident in the fall of 2000. Cliff Martin, one of the employees shared Meier's vision as both men purchased the business, also with the assistance of Tri-County

the best year in company's history.

In addition to the traditional sources of funding provided through USDA Rural Development's infrastructure, housing, community facilities and business programs, Newport has also been fortunate enough to be involved in the Five Star Enterprise Community (EC).

The Empowerment Zone/Enterprise Community (EZ/EC) Program provides economically depressed rural areas and communities with real opportunities for growth and revitalization. Its mission is to help create long-term economic and community development and assist communities in empowering themselves to improve

prove the quality of life and create jobs."

In his opinion it is a "little bit of money versus the net outcome achieved."

The Five Star EC identified community needs, and set priorities with benchmarks for projects to be accomplished. Planning for the long term needs of the community was one of the most important accomplishments.

With the investment of EC grant dollars, leveraged very heavily with other Federal and State funding sources, they have been able to complete some very important components of the planning process including a Water System Plan, Development Regulations compliant with the Growth Management Act, a Comprehensive Plan for infrastructure and economic development, and a preliminary engineering report for the wastewater system.

They are currently completing a housing needs assessment and will implement a housing rehabilitation program.

With more leveraging of funding resources and volunteer labor they have accomplished such benchmarks as ADA accessible restrooms and stage and playground equipment for the city park, a skateboard park, ADA accessible restroom and remodeled kitchen at the senior center, asphalt mats to replace the concrete under the playground equipment at the elementary school, and sports fields.

"For the small amount of money invested by the Government in the EC Program, there is a large return," King said. "There is no limit to what can be done."

This exemplifies how a successful public-private partnership can accomplish great things and improve the quality of life for rural residents.

Though Newport has gone through a lot of changes in the past 10-15 years with the downturn of the timber industry, they are on the road to recovery. They are diversifying the economy and providing educational and cultural opportunities.

The unemployment rate is back down in the single digits. This community has a lot to offer residents in terms of amenities, as well as living in a beautiful, pristine area of the country.

We are proud to have been a partner in bringing about the positive changes that have happened over time in Newport and wish them success in the future.



***Platinum Plus Jewelry is the only full-service jewelry in Newport. The business was financed through a revolving loan fund managed by Tri-County Economic Development District (EDD) and capitalized by Rural Development.***

EDD, and has maintained the same quality of service.

"I am certain without Tri-County EDD's assistance there would be no Platinum Plus Jewelry today," Martin said. "The loan application process, while a bit heavy on the paperwork side, made me delve into aspects of the business that I had not considered previously."

"Because of the planning part of the loan process we were able to survive the economic downturn created in the past two years," Martin said, adding that 2003 was

local conditions and become self-sustaining.

Newport received their designation as a USDA Five Star Rural Enterprise Community in January 1999.

City of Newport Administrator, Ray King has been involved in the Five Star EC since its inception and is one of the community's "spark plugs".

He believes that the technical assistance and grant funding supplied through the Enterprise Community Program helped kick-start Newport with the "seed money to im-

# Native American Report

Rural Development was very successful supporting various tribal projects throughout Washington State during Fiscal Year 2003.

Our efforts are in line with President Bush's initiative for government to be more committed to strengthening existing working relationship with all tribal communities as we help improve the quality of life for all rural tribal residents,

RD set aside \$1,173,700 in loan funding for the construction of a Longhouse for the Port Gamble S'Klallam Tribe (photos featured on this page) on the reservation in Kingston through the Community Facilities program.

The total estimated cost for construction is \$1.3 million. The additional funding is to be provided by a Building for the Arts grant from Washington State Office of Community Development.

The combined funds will be used to construct a Longhouse in the House of Knowledge complex, which will serve all individuals in the region who will be invited to learn about Port Gamble S'Klallam art, language, dance, and ceremony.

Of the \$20 million awarded in the first broadband community grants, over \$8.2 million will benefit Native American and Native Alaskan communities across the nation. In June 2003, Hilda Gay Legg, Administrator for Rural Utilities Service presented a \$500,000 broadband technology grant to the Port Gamble S'Klallam Tribe to allow them to develop a community connectivity network on the reservation.

Legg also presented Hood Canal Communications with a \$750,000 grant, resulting in the deployment of broadband technology to the Squaxin Island Indian Reservation.

The highlight for Rural Development's Community Facility Program in FY2003 was processing two guaranteed loans with Native American Tribes in the state.

The first one of these was a \$6 million loan guarantee with the Wells Fargo Bank and the Spokane Indian Nation to construct a Tribal Administration building. Wells Fargo Bank worked with the Spokane Indian Nation and Jim Wehrer, Rural Development Loan specialist, to complete a funding package acceptable to all parties.

Guarantees with tribes are always more challenging due to the



*S'Klallam Youth Dancers perform a cultural boat dance (above) while Tribal member David Boxley (top) presents a new mask.*

restriction on using Tribal trust property as security for loans. With the RD guarantee, the bank was willing to loan the tribe the funds to construct the new tribal admin-

istration building. This new building will allow all of the Tribal Administration function to be housed in one facility.

Currently, many of the tribe's ad-



# Washington State

ministrative offices are being housed in the community center. Moving these offices to the new facility will allow the community center to be used for its original purpose.

The second guarantee is a \$2 million loan guarantee with the Bank of the Pacific and the Shoalwater Bay Indian Tribe for construction of a new tribal wellness center.

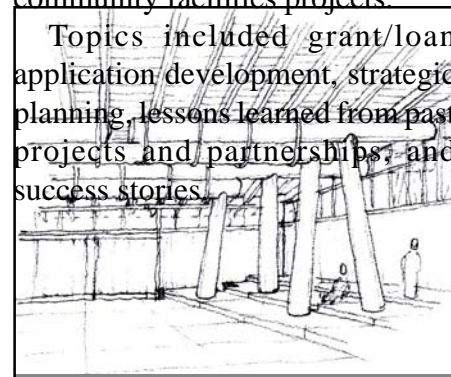
The new building replaces the

current 1,200 square foot clinic with a 14,000 square foot building allowing more exam rooms, patient waiting area, and medical records area. The facility will also be utilized as a Dental clinic and laboratory; the mental health counselors will also be located in the facility. It will provide a very comprehensive medical facility for not only the Shoalwater tribe but the surrounding community of Tokeland.

In the area of education, USDA Rural Development joined forces with the Indian Health Service to sponsor a tribal infrastructure workshop. Attending were people representing 19 of Washington's 29 federally recognized tribes, as well as one tribe from Idaho and one from Oregon.

The emphasis on the workshop was to bring technical and funding resources together who can assist tribes with infrastructure and community facilities projects.

Topics included grant/loan application development, strategic planning, lessons learned from past projects and partnerships, and success stories.



*A grandfather and grandson (left) represent cultural generations as they perform as members of the S'Klallam Singers. A sketch of the proposed longhouse which will serve all individuals in the region who will be invited to learn about Port Gamble S'Klallam art, language, dance, and ceremony.*





# National Homeownership Month

With President Bush declaring June National Homeownership Month, Rural Development scheduled activities throughout the month to emphasize our commitment to rural Washington in promoting homeownership throughout the state.

On June 26, 2003, Rural Development and the Chelan County Wenatchee Housing Authority conducted a bus tour highlighting the programs they

administer and projects that were financed, which address affordable housing in the county.

The tour showcased local USDA Rural Development financed housing, housing authority projects and South Wenatchee Revitalization Project while providing information about affordable housing options.

The following Day, Rural Development joined forces with the Columbia Valley Housing Association to celebrate affordable

housing in the city of Chelan at the Riverview Place development.

Funding for participants purchasing housing in the Riverview Place project included USDA Rural Development, State of Washington Office of Community Development, Banner Bank, Impact Capital, and the Federal Home Loan Bank.

Following a welcome and a brief program, a BBQ lunch was served to all participants, courtesy of Banner Bank.

On June 30, USDA Rural Development presented the Housing Authority of the County of Clallam with a \$10,000 grant to be used to develop an application for a two-year program, allowing the Housing Authority to provide technical assistance in implementing a self-help housing program in the county.

The two-year grant proposes to provide assistance to 20 households, who, in turn, would build their homes through the Mutual Self-Help Housing Program. The program provides a unique homeownership opportunity for households earning less than 80 percent of median income, who would not typically qualify for a conventional mortgage.

Eligible applicants would receive financing through USDA Rural Development and cooperatively build their homes with assistance provided by the Housing Authority of the County of Clallam..

The owner-builder households, many of who have no construction experience, will work together and share in the construction of each other's homes under the direction of an experienced construction

The houses will be modest in



*Rural Development and the Chelan County Wenatchee Housing Authority (above) conducted a bus tour highlighting affordable housing in the county in celebration of Homeowner's Month. Rural Development Washington State Director Jackie Gleason (right) joined forces with the Columbia Valley Housing Association to celebrate affordable housing in the city of Chelan at the Riverview Place*





# Earth Day 2003

**R**ural Development participated with North Central Washington Council of CampFire USA on April 22 to celebrate Earth Day 2003 at the Wenatchee Valley College Campus in Wenatchee.

The North Central Washington Council has a camp situated on Lake Wenatchee, which serves school age children in four counties and a portion of a fifth county.

Camp Zanicka Lache has six septic systems, none of which met current wastewater regulations and two of the systems were failing.

USDA Rural Development, along with support that the Council garnered from foundations and private donations, provided funding for the camp to hook up to the local public utility district's sewer system, which currently ends 500 feet east of the camp.

The completion of this project will prevent damage to Lake Wenatchee and the environment from the failing septic systems.

The children would also not be exposed to the health risks from such a situation.

The wastewater solution will allow the Council to initiate the Outdoor Education curriculum they have been developing for sixth graders throughout the Council's 28 school districts.

Such a program would impact hundreds of children, beyond the current

services they provide.

In fact, throughout the United States, USDA celebrated the 33rd Anniversary of Earth Day with \$105 million in loans and grants to 45 rural water and wastewater community infrastructure projects in 29 states.

The funding assists rural communities address health and environmental issues and promotes business development.

Representing Rural Development in Washington was Sandra Boughton, Community Programs Director, who presented a ceremonial check for \$374,650 to Laura

Jaecks-May, CampFire USA/NCW Council Executive Director.

In the spirit of Earth Day, the funding nationally for the projects was comprised of \$37.2 million in loans and \$68.3 million in grants that will build and improve rural water and sewage systems. This enables rural communities to benefit through cleaner water, recreation and wildlife resources.

Included in the funding were Technical Assistance and Training (TAT) Grants and Solid Waste Management Grants. TAT grants go to nonprofit organizations like CampFire USA in order to provide



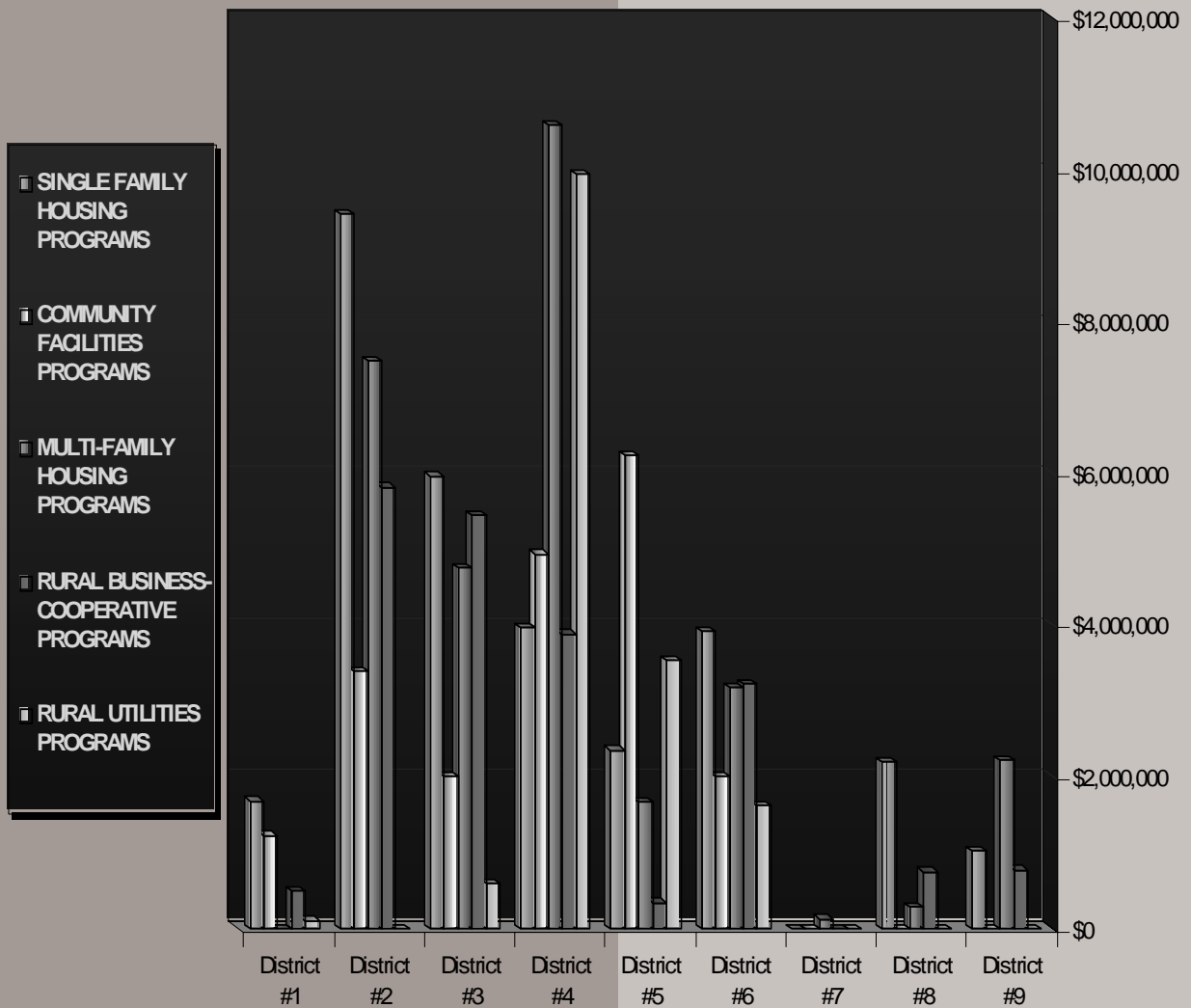
*Campfire girls and boys (above) led participants in the Pledge of Allegiance and in singing "God Bless America." The Council's wastewater system on a wide range of associations on a wide range of issues relating to the health of the environment," which was the theme for this Earth Day. Sandra Boughton, Rural Development Community Programs Director for Washington State (left), presents a ceremonial check to Laura Jaecks-May, CampFire USA/NCW Council Executive Director (middle), along with James Wehrer, the Rural Development Community Programs Specialist*

# USDA RURAL DEVELOPMENT FINANCIAL INVESTMENTS BY COUNTY

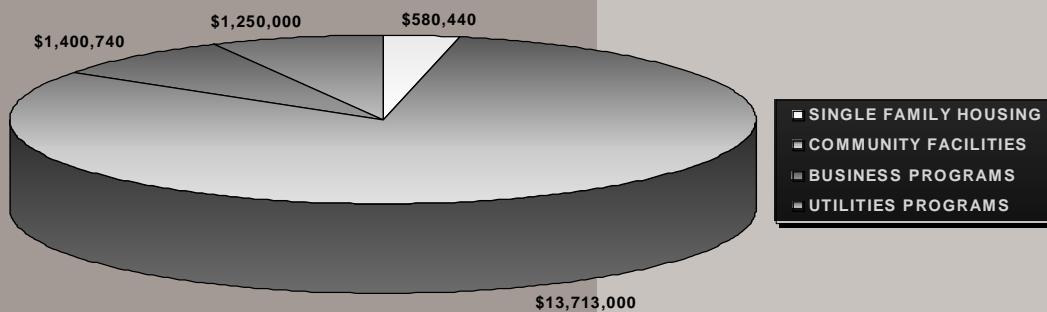
COUNTY	Single Family Housing Programs	Multi Family Housing Programs	Community Facilities Programs	Rural Utilities Programs	Rural Business- Cooperative Programs	TOTAL \$ OBLIGATED ALL PROGRAMS
Adams	\$75,500	\$982,662				\$1,058,162
Asotin					\$47,500	\$47,500
Benton	\$755,722				\$21,610	\$777,332
Chelan	\$1,880,873	\$5,714,352		\$9,151,700	\$3,861,700	\$20,608,625
Clallam	\$2,036,895	\$383,880	\$62,250		\$2,369,885	\$4,852,910
Clark	\$4,607,868	\$2,262,577				\$6,870,445
Columbia	\$104,640			\$260,000		\$364,640
Cowlitz	\$1,193,850	\$833,670			\$2,298,080	\$4,325,600
Douglas	\$46,800					\$46,800
Ferry	\$91,200	\$183,690		\$730,000		\$1,004,890
Franklin		\$268,470				\$268,470
Garfield	\$85,000					\$85,000
Grant	\$2,851,506	\$441,462	\$4,766,000	\$800,000		\$8,858,968
Grays Harbor	\$598,122		\$1,582,700	\$1,620,030	\$478,700	\$4,279,552
Island	\$3,441,098	\$614,208				\$4,055,306
Jefferson	\$1,178,570	\$1,074,864				\$2,253,434
King	\$356,872	\$127,170			\$750,000	\$1,234,042
Kitsap	\$2,010,566	\$591,582	\$1,227,950	\$100,000		\$3,930,098
Kittitas	\$1,984,386					\$1,984,386
Klickitat	\$51,280	\$76,776				\$128,056
Lewis	\$616,550	\$424,990		\$597,600	\$2,394,682	\$4,033,822
Lincoln	\$134,850			\$2,344,000	\$145,000	\$2,623,850
Mason	\$2,378,900	\$1,117,103	\$70,570		\$375,400	\$3,941,973
Okanogan	\$1,619,096	\$2,296,908	\$360,000		\$149,900	\$4,425,904
Pacific	\$122,000	\$466,290	\$2,000,000		\$750,000	\$3,338,290
Pend Oreille	\$1,902,000					\$1,902,000
Pierce	\$4,716,130	\$282,600			\$90,020	\$5,088,750
San Juan	\$48,899					\$48,899
Skagit	\$1,833,995	\$2,209,602	\$3,215,500		\$526,700	\$7,785,797
Skamania						
Snohomish	\$12,666,835	\$4,018,944	\$37,425		\$5,499,379	\$22,222,583
Spokane	\$1,024,110	\$282,600		\$200,000		\$1,506,710
Stevens	\$1,749,735	\$183,690	\$6,103,500			\$8,036,925
Thurston	\$1,556,433	\$4,527,761			\$677,987	\$6,762,181
Wahkiakum						
Walla Walla	\$67,500					\$67,500
Whatcom	\$8,376,932	\$1,140,240	\$137,500		\$5,194,500	\$14,849,172
Whitman	\$812,182	\$46,075	\$75,500			\$933,757
Yakima	\$3,305,636	\$2,402,715	\$172,000			\$5,880,351
Total \$ Spent	\$64,570,731	\$32,954,881	\$19,810,895	\$15,803,330	\$25,631,043	\$158,770,880



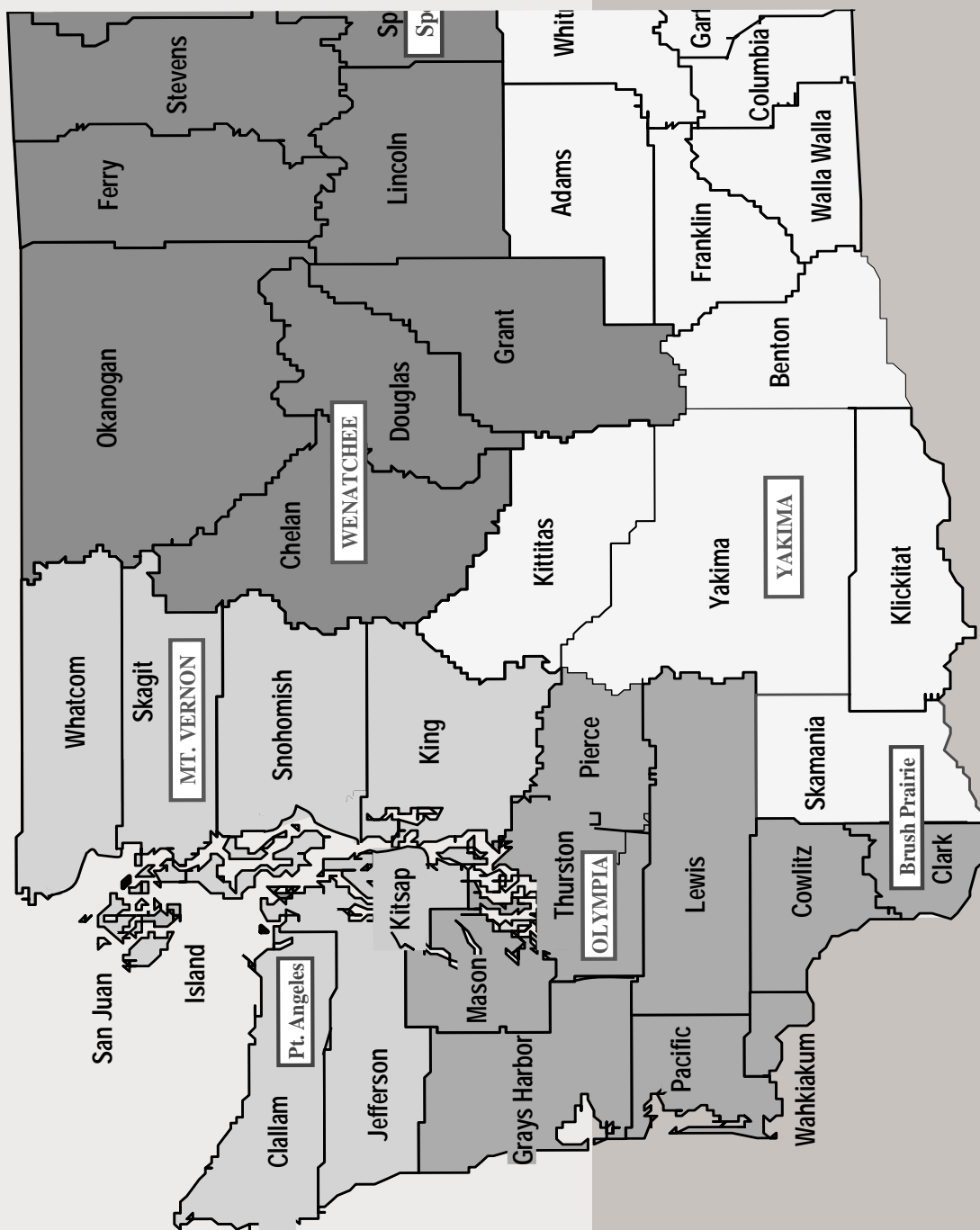
## PROGRAM DOLLARS SPENT BY CONGRESSIONAL DISTRICT



## TOTAL FUNDING TO NATIVE AMERICAN TRIBES AND MEMBERS



# USDA Rural Development Washington State Map



Local Offices

AREA OFFICES



# Washington State

## USDA Rural Development Area and Local Offices

### State Office

1835 Black Lake Blvd. SW, Ste. B  
Olympia, WA 98512-5715  
Phone: (360) 704-7740, EXT 5  
FAX: (360) 704-7742  
TTY: (360) 704-7760

### Mount Vernon Area Office

2021 E. College Way, Ste 216  
Mount Vernon, WA 98273-2373  
Phone: (360) 428-4322, EXT 4  
FAX: (360) 424-6172  
TTY: (360) 704-7760

### Olympia Area Office

1835 Black Lake Blvd. SW, Ste. C  
Olympia, WA 98512-5715  
Phone: (360) 704-7760  
FAX: (360) 704-7775  
TTY: (360) 704-7760

### Puyallup Local Office

Puyallup Executive Park  
1011 E. Main, Ste 106  
Puyallup, WA 98372-6768  
Ph: 253-845-0553 Ext 4  
Fax: 253-770-2274  
TTY: (360) 704-7760

### Port Angeles Local Office

111 E. Third St, Ste 2C  
Port Angeles, WA 98362-3020  
Phone: (360) 452-8994, Ext. 4  
Fax: (360) 452-5088  
TTY: (360) 704-7760

### Yakima Area Office

1606 Perry Street, Ste. D  
Yakima, WA 98902-5798  
Phone: (509) 454-5740  
FAX: (509) 454-5682  
TTY: (509) 664-0205

### Wenatchee Area Office

301 Yakima Street, Ste. 317  
Wenatchee, WA 98801-2990  
Phone: (509) 664-0210, Ext 4  
FAX: (509) 664-0202  
TTY: (509) 664-0205

### Brush Prairie Local Office

11104 NE 149th St, Bldg C, Ste 300  
Brush Prairie, WA 98606-9405  
Ph: 360-883-1987 Ext 4  
Fax: 360-885-2284  
TTY: 360-704-7760

### Spokane Local Office

1908 North Dale Lane  
Spokane, WA 99212-2445  
Phone: (509) 924-7350, Ext. 4  
Fax: (509) 924-7787  
TTY: (509) 664-0205

Website: <http://www.rurdev.usda.gov/wa/>



Committed to the future of rural communities.

**USDA Rural Development  
State Office  
1835 Black Lake Blvd SW, Suite B  
Olympia, WA 98512-5715**